

## Message Text

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TO SECSTATE WASHDC 8117  
INFO AMCONSUL BELFAST  
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UNCLAS DUBLIN 1409

E. O. 11652: N/A  
TAGS: EFIN EGEN EI  
SUBJ: IRISH BANK STRIKE

REF: DUBLIN 1267

1. THE IRISH BANK STRIKE IS BEGINNING ITS FOURTH WEEK, AND NO END IS IN SIGHT. MAURICE COSGRAVE, DEPUTY CHAIRMAN OF THE LABOR COURT, IS CURRENTLY CARRYING OUT A STUDY OF THE PRODUCTIVITY ELEMENTS OF SETTLEMENT TERMS WHICH THE BANKS HAVE PROPOSED TO THE 10,000 BANK OFFICIALS ON STRIKE. COSGRAVE WAS APPOINTED INDEPENDENT ADJUDICATOR BY LABOR MINISTER O'LEARY ON JULY 11 IN AN ATTEMPT TO SETTLE THE STRIKE. THE TERMS OF THE PROPOSED SETTLEMENT HAVE NOT BEEN MADE PUBLIC, BUT IT IS GENERALLY AGREED THAT ANY NEW INITIATIVE TO END THE STRIKE MUST AWAIT THE OUTCOME OF COSGRAVE'S STUDY OF THE PROPOSED TERMS. IT IS EXPECTED THAT COSGRAVE WILL FINISH HIS STUDY BEFORE THE END OF THIS WEEK, BUT MORE TIME WOULD BE REQUIRED AFTER THE STUDY IS CONCLUDED BEFORE THE STRIKE IS ENDED.

2. IN THE MEANTIME, THE EFFECTS OF THIS STRIKE ARE BEING FELT THROUGHOUT THE COUNTRY. THE BANKS WHICH ARE NOT ON STRIKE, INCLUDING THE AMERICAN BANKS, ARE SWAMPED WITH CUSTOMERS, BUT THEY CANNOT FILL THE VOID CREATED BY THE CLOSURE OF THE ASSOCIATED BANKS. THE IRISH TOURIST BOARD, CONCERNED ABOUT THE EFFECTS ON TOURISM, HAS SET UP SPECIAL FACILITIES TO CASH TOURISTS' CHECKS. AS A DIRECT RESULT OF THE STRIKE, AT LEAST ELEVEN FARMERS COOPERA-

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TIVE MARKETS HAVE CLOSED DOWN. A LARGE NUMBER OF FILLING STATIONS

HAVE CLOSED BECAUSE OF THEIR INABILITY TO MEET THE DEMAND OF OIL COMPANIES THAT THEY PAY FOR THEIR SUPPLIES IN CASH. MANY OTHER FIRMS ARE THREATENED WITH CLOSURE BECAUSE OF LACK OF CASH. THE FACT THAT THE STRIKE HAS OCCURRED AT A TIME WHEN IRELAND IS STILL SUFFERING FROM RECESSION WOULD UNDOUBTEDLY MEAN THAT MANY FIRMS THAT ARE FORCED TO CLOSE WILL NEVER REOPEN.

3. THE DIRECTOR GENERAL OF THE CONFEDERATION OF IRISH INDUSTRIES, LIAM CONNELLAN, IN A PRESS INTERVIEW HAS UNDERScoreD THE COST OF INDUSTRY OF BANK STRIKE. HE SAID THAT 10 PERCENT OF IRISH COMPANIES ARE ALREADY IN TROUBLE TRYING TO FIND CASH FOR RAW MATERIALS AND WAGES, AND THEY MAY HAVE TO SUSPEND OPERATIONS AND RELEASE STAFF. RAW MATERIALS MAY BE HELD IN THE DOCKYARDS BECAUSE IRISH IMPORTERS CANNOT GIVE ACCEPTABLE NEGOTIABLE INSTRUMENTS IN RETURN FOR BILLS OF LADING. CONNELLAN WENT ON TO POINT OUT THAT IRELAND'S INTERNATIONAL REPUTATION WITH FOREIGN BUYERS IS BEING DAMAGED BECAUSE OF THEIR INABILITY TO PAY CASH FOR RAW MATERIALS. FINALLY, HE NOTED THAT THERE ARE MANY EXTRA COSTS ARISING FROM THE STRIKE, INCLUDING THE NECESSITY TO HIRE SPECIAL GUARDS TO PROTECT CASH THAT CANNOT BE DEPOSITED IN BANKS.

4. THE ASSOCIATION OF CHAMBERS OF COMMERCE OF IRELAND HAS ANNOUNCED THAT IT HAS SET UP A COMMITTEE TO STUDY ALTERNATIVES TO THE PRESENT SYSTEM OF BANKING. THE ASSOCIATION'S PRESIDENT STATED IN A PRESS INTERVIEW THAT THREE BANK STRIKES IN TEN YEARS ARE MORE THAN THE ECONOMY CAN BEAR. HE DID NOT INDICATE WHAT ALTERNATIVES WERE BEING CONSIDERED. CURLEY

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